FARM BUSINESS MANAGEMENT

INFORMATION UPDATE

Manitoba Agriculture
Farm Management

Date November, 1985

GUIDELINES FOR ESTIMATING

HOG PRODUCTION COSTS

BASED ON

150 SOW FARROW TO FINISH

This guide is designed to provide planning information and a format for calculating costs of production on a hog enterprise. The production costs included in this budget are not intended as a cost study of the hog industry in Manitoba.

The guideline can be useful for comparison purposes. Comparison of costs can be made with other farms; the farm over time; or comparing the plan at the beginning of the production period with the end.

The assumptions on which costs were calculated are clearly defined in the supporting pages. They were developed by using a combination of recommended practices and methods followed by a select group of producers. When interpreting these costs for an individual situation, adjustments may be required. Each assumption must be examined and adjustments made when necessary.

FARROW-FINISH
150 SOW HERD

		16 Pigs Per Sow	Your Estimate	14 Pigs Per Sow	Your Estimate
A.	OPERATING COSTS				
	Feed Costs:				
	Sow Gestation	$ 4.57	$_____	$ 5.23	$_____
	Sow Lactation	2.49	_____	2.85	_____
	Boar Ration *	0.33	_____	0.38	_____
	Market Ration*	49.11	_____	49.11	_____
	TOTAL FEED COST	$ 56.50	$_____	$ 57.57	$_____
	Vet., Medicine & Supplies	$ 1.71	$_____	$ 1.81	$_____
	Maintenance & Repairs	2.08	_____	2.38	_____
	Utilities	5.00	_____	5.71	_____
	Insurance	1.17	_____	1.34	_____
	Marketing & Transportation	4.92	_____	4.92	_____
	Death Loss	1.43	_____	1.48	_____
	Replacement Cost	1.67	_____	1.93	_____
	Miscellaneous	2.00	_____	2.00	_____
	Interest on Operating	2.30	_____	2.38	_____
	TOTAL OPERATING COSTS	$ 78.78	$_____	$ 81.52	$_____
B.	FIXED COSTS				
	(1) Depreciation				
	Buildings	$ 3.75	$_____	$ 4.29	$_____
	Equipment	6.90	_____	7.89	_____
	(2) Investment @ 8%				
	Buildings	3.67	_____	4.19	_____
	Equipment	2.36	_____	2.70	_____
	Breeding Stock	1.38	_____	1.58	_____
	TOTAL FIXED COSTS	$ 18.06	$_____	$ 20.65	$_____
C.	LABOR				
	1.7 hrs/mkt hog @ 16 pigs/sow 1.94 hrs/mkt hog @ 14 pigs/sow @ $9.50 per hour	$ 16.15	$_____	$ 18.43	$_____
	TOTAL COST	$112.99	$_____	$120.60	$_____
	DRESSED WEIGHT COST**	$ 66.47	$_____	$ 70.95	$_____

*
** Includes following rations: creep, starter, grower, and finishing.
***Industrial Composit Wage for November.
Assumes dressed weight of 170 lbs. per market hog.

FARROW TO FINISH

FEED REQUIREMENTS & COSTS

	kg	lbs.	Cost
CREEP FEED RATION			
Birth to 10 kg	5	11	$ 1.92
STARTER RATION - 16%			
10 to 25 kg			
Conversion Ratio 3.0	45	99	$ 11.34
GROWER RATION - 16%			
25 to 50 kg			
Conversion Ratio 3.5	88	194	$ 11.42
FINISHING RATION - 14%			
50 to 100 kg			
Conversion Ratio 4.0	200	440	$ 24.43
SOW GESTATION - 13%			
309 days @ 2.0 kg/day	618	1360	$ 73.11
SOW LACTATION - 15%			
56 days @ 5.5 kg/day	308	678	$ 39.86
BOAR RATION - 13%			
365 days @ 2.3 kg/day	840	1848	$ 99.37

FARROW TO FINISH

FEED COSTS
(November 1985)

GRAIN	COST
Wheat	$120.00/tonne
Barley	$ 97.00/tonne
COMPLETE FEEDS	
Creep 18%	$ 9.60/25 kg
Starter 16%	$ 6.30/25 kg
HOME PREPARED RATIONS	
Sow Gestation	$118.30/tonne
Sow Lactation	$129.40/tonne
Grower	$129.78/tonne
Finisher	$122.13/tonne
SUPPLEMENTS	
Soybean Meal 44%	$250.00/tonne
Vitamin-Mineral Pre-Mix	$ 12.25/25 kg

FARROW TO FINISH

HOME PREPARED FEED RATIONS & COSTS

	kg	Costs
SOW GESTATION & BOARS - 13.5%		
Barley (11.4)	900	$ 87.30
Soybean Meal 44%	75	18.75
Vitamin-Mineral Pre-Mix	25	12.25
	1000	$118.30/tonne
SOW LACTATION - 15.3%		
Barley (11.4)	700	$ 67.90
Wheat (12.0)	150	18.00
Soybean Meal 44%	125	31.25
Vitamin-Mineral Pre-Mix	25	12.25
	1000	$129.40/tonne
GROWER RATION - 16.0%		
Barley (11.4)	825	$ 80.03
Soybean Meal 44%	150	37.50
Vitamin-Mineral Pre-Mix	25	12.25
	1000	$129.78/tonne
FINISHING - 14.4%		
Barley (11.4)	875	$ 84.88
Soybean Meal 44%	100	25.00
Vitamin-Mineral Pre-Mix	25	12.25
	1000	$122.13/tonne

FARROW TO FINISH

OPERATING COSTS

(Estimates Based on a 150 Sow Farrow to Finish Operation)

Vet., Medicine & Supplies

Vaccination, Iron & Vitamins - Iron, Vitamins A, D & E Erysipelas and others (Penicillin, Oxytosin, etc.) $1.00/market hog.

Plus vet. services including herd health and supplies were estimated at $1700.00/year for the herd.

Maintenance & Repairs

Costs for maintenance and repairs were estimated from producer records ($5000.00).

Utilities

Utility costs were arrived at by a consensus among a select group of producers. It was estimated at $12,000.00 for this size operation. ($5.00 per market hog for 16 pigs/sow and $5.71 per market hog for 14 pigs/sow.)

Insurance

$0.80/$100 coverage for buildings and equipment	$ 2630.40
$0.45/$100 coverage for breeding stock	186.75
	$ 2817.15

Marketing & Transportation

- MHPMB levy 1% on selling price (assumed at $68.00/cwt)	$ 1.16
- $1.50/cwt liveweight for 50 miles (commercial transport)	3.30
- transit insurance $0.40/$100 value for PSV	0.46
	$ 4.92

FARROW TO FINISH

OPERATING COSTS (Cont.)

Death Loss

Death Loss was assumed to be 4% of 1/2 of the operating costs.

Replacement Cost

Sow Replacement

1. 25% culling rate per year.
2. Cull sow weighing approximately 400 lbs.
3. Price of cull sow $0.42/lb. (liveweight).

Price of Sow = $250.00

Purchase of Replacement Per Sow = $62.50

Sale of Cull Per Sow = $42.00

Replacement Cost Per Sow = $20.50

Boar Replacement - (20 sows or gilts per boar)

1. 33.3% culling rate per year.
2. Cull boar weighing approximately 400 lbs.
3. Price of cull boar $0.35/lb. (liveweight).

Price of Boar = $500.00

Purchase of Replacement Per Boar = $166.50

Sale of Cull Per Boar = $46.62

Replacement Cost Per Boar = $119.88

Interest on Operating

Applied to 1/2 of the operating costs, based on a 6-month production period at an annual interest rate of 12%.

FARROW TO FINISH

OPERATING COSTS (Cont.)

Depreciation

20 years (5%) straight line on buildings.

7 years (15%) straight line on equipment.

Salvage Value = 10% of Original Cost.

Building Depreciation

$$\frac{\$200,000 - \$20,000}{20} = \$9,000$$

$\$9,000 \div 2,400 = \$3.75$/hog

Investment Cost

An average investment of 1/2 the capital costs at a rate of 8% was used for buildings and equipment.

The breeding herd was taken at 8% of the total invested.

Building Investment Cost

$$\frac{\$200,000 + \$20,000}{2} \times 0.08 = \$\ 8,800$$

$\$\ 8,800 \div 2,400 = \$\ 3.67$/hog

Labor

Labor requirements used were obtained from research data. Labor hours vary with the amount of mechanization. This budget assumes the following:

1.7 hrs/market hog @ 16 pigs/sow.

1.94 hrs/market hog @ 14 pigs/sow.

FARROW TO FINISH

CAPITAL COSTS

(Capacity 150 Sows)
(1985)

1) ROOM SIZES - 1412 m^2 (15,208 ft^2)

- farrow-weanling
- feeder barn
- office-feed-utility — $200,000

2) EQUIPMENT

- slatted floors
- tie stalls
- all ventilation
- farrowing crates
- water supply
- electrical service
- feed mill - 5.6 kW (7.5 H.P.)
- automatic feeding
- liquid manure system — $128,800

TOTAL BUILDINGS & EQUIPMENT — $328,800

3) BREEDING HERD

- 150 sows @ $250 = $37,500
- 8 boars @ $500 = $ 4,000 — $ 41,500

TOTAL INVESTMENT — $370,300

INVESTMENT PER SOW — $ 2,468

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